

PART TWO THE GERMAN MARKET ORDER AS THE BASIS OF THE LARGE-AREA MARKET ORDER

Will the European economy be able to master the large-scale tasks we have developed in our principles? Will it be able to develop systems of order and instruments of large-scale economy which will bring us as close as possible to the goal of an ideal large-scale economy? Will there not be the danger that, in spite of the clearest theoretical knowledge of the laws of large-scale economy and in spite of the best will of the economy, the practical realization will be confronted with unforeseeable difficulties? It was once said that the European large-scale economy had already successfully completed its "large-scale experiment" in the form of the German economic order (Hunke). In fact, the German methods of economic management have achieved unique successes. In a few years, the leading economic power in Europe was created out of the completely disrupted liberal economy, which was at the mercy of the dictatorship of the world market. The superior German wartime economy is the most visible proof of the degree of efficiency and supply autonomy achieved. Despite the undisputed successes of our economic management, however, it is clear that the outward form of the German economic order, the economic organization, does not yet have the form which corresponds to the National Socialist principles of economic activity. All those who are active in the economy, whether they are the organized or the organizer, are probably unanimous in the view that the forms of organization and the principles of organization which have been developed in recent years are not suitable in the long run either for extracting the best useful effect from the economy or for giving those who are active in the economy that economic freedom which is absolutely necessary in order to maintain and promote their initiative in the long run. The disadvantages of the German economic organization are exhaustively characterized by the term "over-organization". Over-organization means that the state or its organs apply organizational principles and forms of organization which are "oversized" in relation to the practical need and requirement for guidance. This overdimensioning may consist in the organization of economic processes which could very well be determined by the economy itself, or in the fact that very often several organizational bodies are responsible for the same processes at the same time. The causes of this over-organization are essentially the following: 1. Causes rooted in the organizing people. The previous forms and principles of organization are, by their very nature, only an expression of the groping and searching for definitive forms of community work. Such a difficult problem as the organization of the economy, which touches almost all areas of human life, cannot be solved overnight. It is also psychologically understandable that often, as a counterpole to the permissiveness of the liberal economy, the organizers, in a misinterpretation of the economic principles of National Socialism, fell into a kind of organizational frenzy. This tendency is further reinforced by conscientiousness, a very praiseworthy characteristic of the German man, which, however, becomes an evil in economic administration when the organizer personally takes care of every screw of the organizational machine instead of limiting himself to the control of the machine. In addition, when the economic organizations were being set up, the forces that were ideologically and factually suited to shape the new German economy were not always available. If idealism and superior expertise are lacking, however, it is an all too natural consequence that instead of sensible control on a factually authoritarian basis, a registration and questionnaire economy is practiced. This state of affairs becomes almost unbearable when the organizing people turn the organization into a kind of end in itself and a kind of competition between bureaucrats, which almost eclipses the competitive economy of the liberal type in terms of egoistic unaccountability. 2. causes rooted in the organized people. When the first steps were taken toward penetrating the German economy with National Socialist ideas, the economy was still completely enmeshed in liberalist ideas. State intervention was therefore necessary to the extent that the economy was still swimming in

the waters of the past era. Thus, to the extent that the economic processes were not yet guided by the public-spiritedness of the business community, the state, in addition to the "directional initiative" ¹⁾ – its very own field in a sensibly guided economy – also had to be active in the field of the "implementation initiative" ¹⁾, which should actually be reserved for the economy itself. 3. Causes that lie in the matter. The economy of recent years has been an economy of shortages. This shortage economy was intensified by the preparation and implementation of the war economy, which, by its very nature, must always be associated with tight forms of organization. If every kilo of raw material has to pass through three, five or ten delivery, procurement, processing, utilization and other approvals before it can be processed or before it reaches its final destination, the result is inevitably a bloating of the administrative apparatus that is no longer in proportion to the productive sphere of the economy. If the relaxation and reorganization of the German economic organization is an imperative requirement for the future, it is a fundamental prerequisite for the European metropolitan economy. The larger an economic body is, the more difficult its organization is and the more unfavorable the effects of wrong or oversized forms of organization. Just think of the present organizational forms and principles transferred to all sub-areas of the European metropolitan economy, and then imagine the interspatial interaction of the organizations! One will then realize that it would be an absurdity to want to build up the European metropolitan economy with the present forms of organization. Winschuh aptly says: "It would be tragic if the European economy were to come out of the rain of capitalism into the frying pan of bureaucracy and socialization; the great economic revolution would thus cheat itself of its meaning. The great task to be solved by the next generation of European economic officials and entrepreneurs is therefore to find the best, the most unbureaucratic synthesis possible between public control of the economy and the entrepreneurial initiative indispensable for the full development of Europe's productive forces." ¹⁾ It is now impossible to deal with the methods of metropolitan economic policy without elaborating the principles of a meaningful national economic policy. The metropolitan economic policy, the epitome of all measures working towards the realization of the metropolitan goals, represents a spatial extension of the national economic policy. Just as the metropolitan area is composed of individual national economies, the metropolitan economic policy is also the interaction of the national economic policies of the individual sub-areas. Therefore, we cannot avoid thinking about the future economic order as such. It goes without saying that the German problem of economic order must be the starting point of all considerations. What character must the organizational principles and what form must the organizational forms take in the future economic order, so that the synthesis of freedom and commitment which characterizes the German economic style can be achieved? (Hunke.) If we start from the carrier of the economic organization, we can basically distinguish two principles of organizational influence on the economic process: the private economic and the state. The private organization finds its expression in the associations of entrepreneurs, such as cartels and groups of companies; the state organization in the various state or state-initiated or state-supported organizational institutions. With this statement we touch the core problem of the future economic order. The question to be answered is what will be the zoning between the state and its organizations and between the economic individuals and the organizational forms they realize, and further, what will be the interplay between the freedom of the individuals and the totality represented by the state in order to achieve the highest national and economic welfare. A. The way to the total market order. In order to answer this question, we must briefly outline the development of the market order and, in particular, the interrelationships between the state and the private market order. For reasons to be discussed in more detail later, we will limit ourselves to the treatment of the cartel problem. First, some clarifications of terms are necessary: By market order we mean the organized influencing of supply and/or demand to be carried out according to certain principles. This definition does not include the market form of "free

play of forces", since the market is not influenced in an "organized" way. In contrast, the liberal cartel already falls under this definition. Since the definition does not say anything about the bearer of the influence, the state (as well as the organized consumer side: "demand cartels" ¹⁾) can also influence supply and demand according to this definition. This influence can have the most different levels and forms. Market regulation can be limited to influencing quantities and prices. However, it can also extend to the foundations of the market-forming factors, i.e. production on the one hand (e.g. investment order, specialization of production, qualitative determination of production, etc.) and consumption on the other hand (e.g. the manifold possibilities of consumption control). Furthermore, market organization can extend to the definition of general market organization principles (example: "Marktordnungsgrundsätze" der Reichsgruppe Industrie) by the state or its organs and leave the regulatory influence on the course of the market to industry itself; however, the state can also intervene directly in all phases of market activity itself. We make no fundamental distinction between market organization and market regulation. For us, market organization is the generic term – it includes both material and non-material values – while market regulation refers to concrete 'material individual measures of market organization. The reason for the abolition of the rigid distinction between the concepts of market organization and market regulation, which still exists in many cases today, will become clear from the later remarks. It should also be mentioned that "economic order" is a concept superimposed on market order. The economic order represents the total system of order of the economy, i.e. the totality of the principles according to which the economic process is ordered, thus extending not only to production and sales, but also to the problems of money, labor, income, traffic, etc.¹⁾ The spirit of the respective existing economic order determines the goal and method of the market order. In the liberal economy, the market order served only as a corrective to a basically self-determining economy. In the future regulatory economy, it will be the expression of a "holistic" economic organization dominated by the new political spirit of the national totality. The above-mentioned, strongly generalizing definition of market order will have to be specified later in the detailed description of the future "total market order" to characterize its essential features. These definitions were necessary for an understanding of our market order thought processes. We now give a brief outline of the history of the development of the cartel. In the age of liberalism, the principle of acquisition was the shaping force in the economy. The "free play of forces" was the external form. Through the unhindered interaction of supply and demand, the greatest possible benefit for production and consumption, i.e. for the economy as a whole, was to be achieved. It is one of the most astonishing facts of economic history that for decades the doctrine of classical national economics, which tries to bring this "free play of forces" into a logical system, was accepted by the whole world as a holy law, while the real life of the economy had long since developed in a completely different way – namely in the sense of an increasing organization of the market mechanism and thus a constantly growing "stiffening" of the free play of forces. In doing so, however, the liberal entrepreneurs themselves had committed a serious "violation" of the economic view of the time. The cartels, corporations, or whatever else the entrepreneurial communities might be called, are not institutions of the state, but of private enterprise itself. The entrepreneurs, the men of free initiative, have put on the shackles of organization! From this it follows that the liberal economic constitution, i.e. the completely free play of forces, cannot be a permanent institution, for the free entrepreneur, who was after all the prototype of liberalism, himself went on to create the first basis of a "planned economy". Yes, he expanded this planned economy and went over to ever tighter forms of organization, even at a time when not only theory but also the state were still caught up in the iron economic law of the free play of forces. The causes and goals of planned entrepreneurial economies are indifferent for the time being. Our observation should only force us to the insight that an organization of the economy in the form of a market order is an unavoidable necessity; another problem is which

spirit has prevailed in this market order or should have prevailed according to today's view. 1 The liberal cartel. The emergence of the cartel idea and thus of the first modern form of market order is logical and natural.1) With the advent of freedom of trade, the shift from customer production to production for the market, free competition arose. The planned production for an existing customer base was replaced by a production for a less fixed, often strongly changing clientele. With the development of technology and the emergence of new competitors, the competition intensified. By lowering prices, each producer tried to maintain its lead in order to secure ongoing production and thus keep the invested capital profitable. The competitive economy inevitably brought unrest, unsteadiness and lack of planning into industrial production, which was further aggravated by the general wave movements of the economy, the conjunctures, with their often devastating effects. The realization of the disastrous consequences of ruinous competition was the ground on which the idea of cartels was awakened in entrepreneurship. Entrepreneurs began to impose on themselves the ties they had previously broken with the breaking of the guild constitution. However, as already mentioned, this did not bring about any change in the intellectual attitude of the entrepreneurs. They violated liberal economic principles only in form; in substance, the cartel was merely an instrument of private-sector interest protection. When the "market" permitted it, entrepreneurs were quite inclined to exploit their monopoly position ruthlessly to the detriment of their customers. From the point of view of market organization, it is pointless to ask whether cartelization originated more in a need for protection or in "price exuberance. The only important point is that the entrepreneurs tried to achieve a certain market objective by means of a market organization. If competition with its consequences is the external cause of cartelization, the root of the cartelization problem lies in the disharmony between supply and demand. This disharmony is mainly caused either by overproduction or underconsumption, and both possibilities can occur together. Underconsumption occurred, for example, when there was a certain decline in rail demand in the 1980s, after the completion of the construction of the most important railroads. Overproduction is essentially explained by the progress of technology. If an entrepreneur, by improving his production process, can produce a hundred items a day instead of ten, this is a completely new problem for the consumption side factually (purchasing power) and psychologically (will to buy), to which it cannot react overnight. 2. the cartel under demand protection by the state. Since it was impossible to restore market equilibrium in the long run without serious damage to either the supply or the demand side, the state inevitably had to intervene in the market game, albeit after much hesitation. This happened first with the "Ordinance against the Abuse of Economic Positions of Power," the so-called Cartel Ordinance, issued in 1923. The Cartel Ordinance granted the state the right to intervene against cartels, in particular to dissolve them, if they endangered the overall welfare. Thus, the Cartel Ordinance is clearly a means of "demand protection." Although the external cause of the Cartel Decree was inflation, with the accusation of price gouging leveled against the cartels in particular at that time, we are aware that such state intervention would have had to take place sooner or later even without this cause, because the economy was obviously not in a position to ensure a healthy balance in the economic process on its own in the long run. It is significant, however, that the state at the time regarded this intervention only as an "emergency measure. This is already evident from the fact that the decision on the question of whether there was an abuse of economic power was assigned to an independent antitrust court. However, it should also be noted that the "police state" of the time, which was supposed to be the guardian of free economic activity, had already tacitly accepted the fact that the "cartel" was an indispensable part of economic life. 3 The cartel under supply protection of the state. While]the Cartel Decree of 1923 served to protect the demand side, the Coercive Cartel Act of 1933 brought the counterpart, namely the protection of the supply side. The Coercive Cartel Act gave the Reich Ministry of Economics the power to establish new cartels and, in addition, granted the Reich Ministry of Economics the right, in the form of prohibitions

on the establishment and expansion of cartels, to protect the cartels or the industries they represented from an increase in competition and thus from the destruction of economic assets. Whereas the Cartel Act was prompted by the price driving tendencies of inflation, the Coercive Cartel Act was prompted by the price decline caused by the economic crisis. The development that led to the 1923 law can be characterized as a shift in market equilibrium in favor of production, assuming the emergence and development of entrepreneurial solidarity. The consumer, whose strong position had originally been the source of entrepreneurial solidarity, was put on the defensive. They had to be protected, if necessary, and this was done by the Cartel Act of 1923. With the onset of overproduction in the economic crisis and with the onset of stagnation of the dynamic forces that until then had always independently brought the economy a new upward movement, the producer was put on the defensive. He needed protection against the strong mutual competition on the one hand and against the price-suppressing decline in sales on the other hand. 4 The development into a total cartel. One might think that with state protection and the resulting influence on supply and demand, the cartel laws of 1923

and 1933 would have exhausted all possibilities for regulating the market. However, this is by no means the case. While the antitrust laws create the legal basis for government intervention, they do not constitute a closed system of market regulation. The legal powers have been used only in emergencies;

the consciously regulatory function had not yet been created with the antitrust laws. The where, what, how, and how much of production was still left to the free discretion of the entrepreneurs. However, total control of power by the state became more and more urgent when, on the one hand, the ideological side demanded order in economic life and, on the other hand, great achievements of a public service nature had to be demanded of the German economy. The comprehensive tasks of the four-year plans and rearmament could no longer be accomplished with an economy over which the state had influence only in the form of the granting of "market crutches. The economic policy goals required not only corrections, but profound changes. Thus the problem of educating the economy in the National Socialist conception of the economy began on the ideational side and the planning of raw materials and production on the material side. Here, however, neither the liberal cartel nor the powers of the state given by the laws of 1923 and 1933 could guarantee the desired success. Although the cartel represented a proven form of organization, the spirit that prevailed within it was not conducive to becoming the bearer of a new economic order. On the other hand, the cartel could not have taken on the state's new market-ordering tasks because the necessary lines of communication between it and the state leadership (as they exist in the form of today's economic organizations) did not exist. A final point to be mentioned is that only about 60 % of industrial products were cartelized. In the remaining sector, either cartelization had not proved necessary, or cartelization could not be realized because of the lack of cartelization of goods. The reorganization of intellectual and material economic forces, however, had to extend to the entire economy. Therefore, the state had to go other ways. With the Economic Development Act of February 27, 1934, it created the self-governing organization of the economy, to which it assigned primarily educational tasks. In the course of the following months and years, a number of other organizations were created which, as "commissioned institutes" of the state, had to initiate or supervise the material planning of the economy. These included, in particular, the monitoring agencies (later the Reichsstellen), which initially dealt with import issues, but later increasingly exerted an influence on domestic goods management and thus on the organization of production, as well as the inspection agencies, which were responsible for monitoring exports, the price commissioner and the other four-year plan offices. During the war, the regional economic offices were established as regional institutes of the state economic administration. The activities of these organizations are too well known to be discussed in detail here. With the increasing expansion and intensification of the tasks of these state organizations, the cartels were increasingly hampered in their independent activities. The domestic

quota became the imperial quota, and the export or import quota became the trade policy or foreign exchange control. The cartel price policy was narrowed by the price fixing ordinance and by the price freeze, and so on. The German parts of international cartels were more or less included in a compulsory export cartel through the activities of the examination agencies. In short, the cartels were undermined. When the well-known economic efficiency decree of the Reich Ministry of Economics of November 12, 1936, introduced the supervision of the economic groups over the cartels and thus made the starting point for an organic market organization, all the essential levers of economic control had already slid over to the other organizations. It was therefore hardly necessary to point out that the groups had to perform only advisory and no market-regulating activities, because almost all market-regulating functions had already been taken over by the "Auftragsinstituten". If the economic groups actually performed such functions – e.g., management since the beginning of the war – they usually did so only on behalf of other organizational bodies. In the same decree of November 12, 1936, other tasks were assigned to the economic groups, which threatened to deal a near fatal blow to the cartels. The decree stated: "The task of all groups and chambers is to educate their members to the greatest possible efficiency and highest performance for the benefit of the people and the state. To this end, they should carry out the necessary joint work, especially in the technical and business management fields (standards, accounting and calculation guidelines, business comparisons, etc.) as well as in the fields of statistics and market analysis. Through this work, some ties (i.e., cartels. The author), which are still necessary at present, will later become superfluous." Thus, the groups should largely replace the specifically market-"regulating" activity of the cartels by general market-"regulating" activity. The Gruppen work was to initiate a loosening up among the cartels by creating general market-ordering guidelines. We will return to this complex of questions later. In this context, it should only be noted that the practice developed anything but in the sense of a loosening up. As already described above, behind the backdrop of loosening up, the subject-specific organizations expanded more and more. The state seemed to become an "entrepreneur", while the entrepreneur had to perform more and more functions similar to those of a civil servant. The free zones (or those that could have become free zones) of economic life threatened to become more and more suffocated. The cartel, however, the organization of the corporate economy, seemed to hang completely in a vacuum. Thus, today we have arrived at an economic order in which the state does not limit itself to the function of top management, as should be its task, but in which there is a conglomerate of state organizations which, both in depth and in breadth, and especially in their interaction, show the characteristics of overdimensioning, and the once jokingly made remark according to which the German man has only proven his organizational genius by the fact that, despite the organizations, "everything works out" cannot really be taken seriously enough. If we now think about the future economic order and about the organization of the economy, we must again make clear to ourselves the most primitive principles of organization. The fundamental demand made on economic organization is: a given economic goal is to be achieved with the least possible expenditure of organizational means. If one assumes that economic control in the modern sense does not stop at "market regulation, but penetrates as far as production and raw materials, then at first glance there seems to be an insurmountable difficulty in the fact that, in the case of total fulfillment of its goals, the organization inevitably claims a comprehensive appeal, which, however, stands in contrast to the demand for limitation to mere control functions. However, this was the practice of the last years, which led to the state of over-organization with its effects described at the beginning. On the other hand, the desired planning success would not be achieved if the state organization were to limit itself only to steering measures, because the lack of proximity to the companies would make it impossible to know the thousands of economic processes in each branch of industry and thus make it difficult to steer the economy properly and in accordance with the respective needs. The temporarily neglected cartel

instrument now seems to offer a suitable way out of this dilemma. This "planned economy on the smallest scale" is an excellent form of order, based on new principles. It is close to the enterprises and agile, because it lives between the enterprises and because it is administered by the economy itself. If it was said above that the state had to make use of new organizational instruments in building up the economy, the reservations of the time have probably become irrelevant in the meantime, for on the one hand the lines of communication between the state and the cartel have been extended in the meantime (although, as has been said, this structure can still be described as overloaded at present), and on the other hand the spirit and technology of the cartel have developed in a way that makes its use as an instrument of state economic management appear entirely appropriate. Thus, the cartel, which temporarily seemed to be crushed by its powerful rival, the authority, has gradually been able to prove its *raison d'être* again. In three important areas, the cartel instrument has been used more and more in recent years. In the various territorial annexations to the German Reich, the cartel became an indispensable tool for economic harmonization. It was also used as a useful instrument of wartime management, either by allocating raw materials to its members on behalf of the Reich authorities or by distributing the cartel's products. The management cartel has proven its usefulness just like the connection cartel. It has relieved the burden on the management bodies and thus contributed to the simplification and improvement of the administrative apparatus.¹⁾ But that is not all: the greatest task for the new cartel will come with the beginning of the planned rationalization of the German economy. As mentioned above, the Reich Ministry of Economics

issued a decree in November 1936 assigning tasks in the area of performance improvement. It has now been shown that the economic groups and their subordinate bodies can indeed define the general framework in the field of performance improvement (e.g., accounting guidelines), but that they must fail when it comes to small-scale work in the industry, especially in the technical field. This is where the lack of operational proximity becomes noticeable. The "performance cartel", on the other hand, is able to fulfill this task. It does not have to deal with 10, 100 or 1000 products as the specialized organization does, but can focus all its work on its own area of interest. The well-known founding of the "Markt- und Leistungs- gemeinschaft der Hohlglasindustrie", the "Deutscher Ze- mentverband", the "Reichsvereinigung Kohle" are prime examples of the new cartel direction. The performance cartel opens up completely new perspectives for sectoral coordination, the organization of production and sales, the "balancing of the differentials" between producers, etc., and thus fulfills the demands of the highest economic efficiency in industry. The cartel has found its way from the market sphere into the core of the production sphere. What a change when it was recently said about the German Cement Association that investment control is one of the most important tasks of this association. The entrepreneurial community is not formed and does not start its activities only when the market has become "sick", but deals constructively with the organization of all market-forming factors from the very beginning. This new development finds legal expression in the "Ordinance on Joint Works in the Industrial Economy" of September 1939. The capitalist cartel is dead. What emerges is an organizational framework which, animated by a new spirit, seems to become the pivot of the future economic order. With this, however, the system of a new (and yet so old) organizational principle shines out of the barely transparent organizational undergrowth of recent years, namely the professional principle. The cause of the repeatedly described over-organization lies essentially in the violation of the principle of professional market order.¹⁾ This assertion requires further explanation. We have to distinguish between three basic principles of organized market influence:

1. the professional principle of organization, 2. the factual principle of organization, 3. the regional principle of organization. In a managed economy, all three principles are indispensable. The only important question is which principle should be given priority. The technical principle of organization

states that the product is the top and the starting point of the organizational influence on the market. Whether it is a question of raw materials, production, price or foreign trade policy for the product in question, all economic policy measures are determined or influenced centrally for the product in question, i.e. by an organizational authority. The factual organization principle, on the other hand, states that the economy is influenced by the factual areas, e.g. by raw material, production or price policy. In this way, the Reichsstellen have a decisive influence on production and sales through the management of raw materials. The four-year plan offices intervene in the market structure from the production or capacity side. The price commissioner has a decisive influence on the development of the production and sales conditions of a commodity in pursuit of his task to keep the German price level stable or to form new prices. Another factor of particular interest for our work is import and export policy. Measures taken by state import and export agencies – which can also be described as subject-area organizations – can have a significant influence on the production and market situation of a product. Finally, the regional organization principle states that any market influence – be it technical or functional – is regional, i.e. regional raw material policy, production policy, etc. The regional principle is applied in Germany. In Germany, at least up to the war, the regional principle has thankfully taken a back seat to the central principle.¹⁾ However, we must already point out at this point that it will be of great importance in the large-scale economy, in which sub-areas are united which are far more "regional" in character than, for example, the German state economic districts. However, overall European planning would be jeopardized if too much emphasis were placed on the regional principle of organization as opposed to the supranational principle. In the industrial economy, for example, we have managers of raw materials, production, prices, imports, exports, territories and special tasks, and each of them dutifully claims to "shape the economy" from his own territory, whereby one of them naturally likes to encroach on the territory of the other, because "knowledge of the overall situation is necessary for a factual decision". Practical examples for the "interaction" of the different organizational principles should not be given – the economy knows them. How pleasant it is, on the other hand, to know that the control of a product is united in one hand!¹⁾ The primacy of the professional organizational principle must be re-established, or the economic control has misjudged its task. Wenschuh aptly says: "Even in the center, in Berlin, we need a "house of economy", whereby less the large, representative building is thought of than the unity of the appearance, the community spirit of the cooperation. The impact of the economy and the validity of its organization will certainly increase if not every branch has to negotiate with the ministries on general issues, but if a unified effort is achieved in common matters, such as tax policy. If the industrial sector does not succeed in building a stately and substantial house and in entrusting its top organization with the actual leadership and representation vis-à-vis all government agencies, it will not succeed, but will one day experience that it has missed the boat on many important questions. Only the "product manager" can steer his product appropriately, because he knows the technical problems of his product best. However, his expertise will relatively increase to the extent that the technical organizations are limited to the disposal of the major guidelines and a general supervision, i.e. to the extent that their administrative apparatus is absolutely reduced. To what extent the professional top hears the factual and regional top in its decisions or to what extent it has to account for its actions is a question of fact which has to be answered differently from case to case.²⁾ Once it has been realized that the professional organizational principle must once again take the lead, the problem of cooperation between the organizations will solve itself. It is gratifying to see that this realization is also finding its way more and more into administration. For example, Hans Kehrl, the general advisor in the Reich Ministry of Economics, said in a much-noticed lecture: "The form of state control – we can say this without hesitation – is imperfect. In view of the rapid pace of development and the daily changes in circumstances, it is, I would almost say, only a kind of technical emergency aid or fire extinguishing

where there is the greatest fire. We cannot and will not continue to try to manage things with administrative and personnel methods and ideas that do not correspond to the scale of the problems and the speed of their development. In order to achieve rapid effects, we have become accustomed to a division of tasks ("factual principle of organization", the author) with great powers to the individual, and these are then carried out, to put it in military terms, without regard for losses. The more the principle is applied, the more we come to an atomization of administration, indeed of the whole of life, in which almost every individual is some commissioner or agent in a larger or smaller circle for the whole empire or a military district or a city or a village ("regional principle of organization", the author) and where everyone is obsessed with his mission and its execution without regard to losses left and right – there no whole (which in our view is guaranteed by the "professional principle of organization", the author) will be able to be formed, and there no harmony will be able to be formed. "1) The cartel is called to become the carrier of this harmonious holistic economic design of the future. JSchmoller thus spoke prophetic words when he once said that he saw in the cartelization the beginning of a completely new order of economic life which would be in the overall interest. The relationship and interaction between freedom and commitment, between the individual and the community, seem indeed to have found a form in the "total cartel" we have developed in the following pages which corresponds most closely to the German economic ethos. B. The total market order. 1 The total cartel. The chairman of the Cartel Law Committee of the Academy of German Law stated at a working session of this committee in May 1941 that the old legal foundations of the cartel system were now practically obsolete. Just as important as a change in legal concepts in the field of cartels, however, seems to us to be a fundamental change in the economic definition of the cartel. The cartel as "bearer of the bound economic order" can no longer be grasped with the traditional "classical" definitions. We want to attempt to describe the system of the "total cartel" as it presents itself to us with the dawn of the new era of economic governance. We must emphasize from the outset that we are not pursuing the tendency to create the basis for a "total planned economy",

but that we want to use the term "totality" only to introduce the aspect of the "organic" into the consideration of the market. Thus, we are in no way talking about a total market influence by the state. Rather, the realization of the organic market correlations should point the way to a real market freedom. We will come back to this line of thought later. Our definition of the total industrial cartel is as follows: The total cartel is the organization of the producers of a product, which is entrusted with the promotion and regulation of production and sales of this product and its organic integration into the economy as a whole, taking into account economic efficiency and the interests of the common good.1) This definition requires further explanation. a) The total cartel is an organization. In the National Socialist view, however, an organization can never be an end in itself, but only a means to an end, and in this case for the purpose of market organization. The common formulation used for decades, "Cartels are contracts between independent companies ... etc.", because the private-sector "contract" with "rights and obligations arising from this contract" will henceforth take a back seat to the primary objective of "market order". This is in no way meant to imply that the private contract will be deprived of its significance in the future. Rather, it is meant to express that the form of the private contract is only a form of the market link. In the total market order there are all conceivable gradations from the "compulsory cartel" to the "oral cartel"2) . Only the latter can be significant in an economy whose characteristic is "bound freedom". The aspect of duration is also to be mentioned here. The "contract" is generally concluded for a more or less long period of time. The total market order in our sense, however, is a timeless logical system of an order of an industrial branch, which is aimed at the constant promotion and maintenance of the highest economic efficiency. The term "producer" has been deliberately chosen instead of "entrepreneur" as it has always been used in the previous cartel definitions.

Only those entrepreneurs should be able to determine the fate of a product who actually manufacture it. It is not acceptable that pure capital influences the policy of the industrial cartel. Entrepreneurs who are not producers (e.g. in the context of production take-over agreements) can at most belong to the cartel in trailer agreements. b) The definition speaks of an organization of "the" producers. This implies that all producers must belong to the cartel if this is necessary for a specific market organization purpose. The idea of total coverage of producers is becoming more and more prevalent in practice, especially since the expansion of the "leasing cartel". Müllensiefen, for example, said of the German Cement Association that it was only possible for the totality of the German cement industry to solve certain important tasks of general economic importance.¹⁾ The outsider problem will be dealt with occasionally in the discussion of the large-scale cartel policy. c) The term "product" has been deliberately included in the cartel definition. The product is the smallest organizational unit in the sense of the technical organization principle. The term "product" should be understood in the broadest possible sense;

z. For example, from a market point of view, the product iodine is only an incomplete unit, because it is closely linked to iodine salts in terms of production and sales. By including the term "product" in the cartel definition, the starting point for the market influence on production and sales is also given to those manufacturers who produce their product in different plants, i.e. the group entrepreneurs. Whereas according to the definition "association between independent entrepreneurs" the group is to be regarded as a single "independent" entrepreneur – even if it produces a certain product at five different locations – 'our definition now also organically integrates the individual group production sites into the market organization edifice. This point of view is of fundamental importance. The economic goals of grouping (the non-economic goals, e.g., profit accommodation and hunger for power, are not taken into account here, since they must not, of course, interfere with the goals of a total market order) consist in the rationalization of the production and sales process, which could only be carried out effectively in the past economic epoch if the individual production sites or sales opportunities were located in the market area of the "cartel leadership", i.e., of the group company. However, the future conception of joint work in the economy allows for the material influence of production and sales without the individual production plants being bound by capital.¹⁾ The economic goals of the corporate group and the total cartel are thus the same. Thus, a loosening of the group in favor of the looser and more convenient form of cartelized production communities could well take place in the future. In addition to the economic aspects, socio-political considerations also speak in favor of this line of thought: the "de-nesting" of the groups would give medium-sized and smaller entrepreneurs an increasing field of activity. In any case, in the future, grouping must not be a way for entrepreneurs to escape the total market order. A corporate wave, such as the one that occurred after many cartels were broken up by the Cartel Act in 1923, will therefore be obsolete in the future. For the international groups this problem is of particular importance, as we shall see later. d) From the task assigned to the cartel of promoting production and sales, it is clear that the total cartel must not be content with mere market regulation, i.e., e.g., e) The reference to the organic integration into the economy as a whole means that the conditions and requirements of the upstream and downstream branches of the economy must be taken into account. This refers to agreements between upstream suppliers regarding the purchase of input materials as well as sales agreements regarding the finished product (price fixing of the second, third and further hand). By regulating cross-relationships (so-called "market communities"), a meaningful cartel collective must be created. Jülich has called this collective a "cartel group".¹⁾ This term seems valuable to us because it indicates the "group maturity" of the total cartel form, although there is no group in the legal and financial sense. f) The requirement to maintain economic efficiency refers to both the formal and the material side of the cartel activity. The economic aspect of the form means that the latently existing total form of organization is only used in practice to the extent that this is absolutely necessary for

influencing the desired or necessary sense. This means, for example, that a price regulation within the total cartel is only carried out if this is necessary in the overall interest. This also includes the requirement for the total cartel apparatus to operate as unbureaucratically and cost-efficiently as possible. Material economic efficiency refers to the demand for continuous improvement and reduction of production costs. g) The public interest is safeguarded if the interests of the economy as a whole are preserved in all cartel policy measures. In particular, the total cartel must always take into account the needs of consumers. h) Finally, the wording "the cartel is ... is entrusted with" shows that the cartel does not carry out its functions according to individualistic discretion, but to a certain extent "on behalf of the state" or its organs. The state gives the "directional initiative", while it is the task of the cartel organization to keep the given direction and to develop an "implementation initiative" in its business policy. A system will now be established which includes all possibilities of total cartelization, i.e. all forms of cartels. In accordance with our later remarks on the new German market order, we do not distinguish between private and state market order measures: A. Production order. a) spatial (production location) order, b) capacity order, c) technical production order, d) business production order. Examples from previous antitrust practice as well as from the state market order are given below: A/a: Spatial (location) order. This includes all measures taken by the cartel members that affect the determination of the production location or the relocation or abandonment of the same. In the liberal economy, this ordering function had practically no significance, since the cartels only came into being when the – often unfortunately wrongly placed – foundations of the market were already in place. In the future, however, it will have decisive weight. In addition to purely economic aspects, the location order must also take into account national and ethnic requirements. The resulting objectives, however, will have to remain the exclusive responsibility of the state. (Reichsstelle für Raumordnung!) To A/b: Capacity regulation. The capacity regulation deals with the determination of the potential generation volume. This would include the so-called reduction cartels and the prohibition of extensions under the Coercive Cartel Act. Permanent shutdowns – by government or private initiative – would also constitute a measure of capacity regulation. A/c: Technical production order. 1) This includes all antitrust measures aimed at improving technical performance. It is the broad field of exchange of experience, covering patent exchange (patent cartels), exchange of engineers and special workers, maintenance of joint design offices and laboratories, consulting and research, as well as measures for material saving, waste utilization, etc.. But this also includes the important field of standardization, typification and norming. Closely related to this is the "specialization card", i.e. agreements which provide for a division of the production program among the individual cartel members. The following governmental measures are worth mentioning: production tasks (in connection with A/b) and manufacturing instructions issued by the Reichsstellen. To A/d: Betriebswirtschaftliche Produktionsordnung. This refers to all measures relating to economic rationalization, e.g. joint purchasing of raw materials (purchasing cartels), cooperation in the entire field of business management (e.g. costing cooperatives), accounting and costing instructions issued by government agencies. To B/a: Spatial (area) order. This includes territorial or rayonization cartels. The following forms of area cartels can be distinguished: 1. national cartels a) without area restriction, b) with area restriction or division, aa) mixed area cartels (customer protection cartels), bb) regional market division cartels (rayonization cartels), a) market division with limitation for the domestic market, β) market division with limitation for the foreign market (export cartels). 2. large-scale cartels: Here, the same breakdown results by analogy. 3. intercontinental¹⁾ cartels: The same breakdown applies here. The following government measures are worth mentioning: Area protection ordinances, export and import bans and the like. B/b: Quantity regulations. These include "quota cartels", which set a certain sales volume and distribute it among the cartel members, and "quota cartels", which divide sales among their members according to certain ratios, without a certain total

quota having been set beforehand. Government measures: General sales regulations or individual delivery permits, export and import quotas. B/c: Technical sales regulations. This includes all cartel agreements aimed at improving sales techniques, e.g. securing joint storage space (storage pools), improving shipping and handling conditions, using joint agents, joint distribution (syndicate), joint market research and customer advice, improving supply techniques and the like. Government measures: Regulations on advertising, use of agents; quality and designation regulations (in conjunction with B/d). To B/d: Price regulations. This includes all measures that affect the individual price components of the cartel price or directly affect the final price of the cartel product. The final price may be a target, minimum or maximum price (price cartels). In particular, condition cartels, which regulate the terms of delivery and payment, extend to individual price components. Government measures: The Price Commissary's Regulation. 2. the nature of total market organization. With the definition of the cartel concept discussed here and with the systematics of the cartel forms, all starting points for a total market order have been created. From the determination of the location to the last sales channel, all economic processes influencing production and the market are brought into a total system. We have deliberately departed from the traditional method of systematizing the cartel forms according to the "degree of commitment". Instead, we have taken a constructive approach and developed a system which organically covers the individual product or the individual branch of industry in its entirety. The previous classifications of cartel forms can be explained historically by the growth of cartel ties from the loosest to the tightest arrangements. Thus, the literature usually starts with the gentlemen's agreement, followed by the condition cartels, then the contingent cartels, then the price cartels, until finally we arrive at the syndicate as the tightest form of cartelization. If we compare this system with ours, we find that the latter moves in a confused order on the one hand on the production side and on the other hand on the sales side. We, on the other hand, have made a clear classification of all factors determining production and sales. This systematization is very useful in a total market order, because the essence of the total market order is that production is already arranged in such a way that the sales order follows logically from it. Thus, the location order is the basis for the area (sales) order, the capacity order is the basis for the order of the supply quantity, the business order, i.e. in particular the cost order, is essentially co-determining for the price order, and so on. In practice, however, none of these order elements will have an independent existence. In the total market order of a product, there will be a reciprocal interaction of all eight elements. [lä With this systematic and holistic compilation of the market order factors, however, by no means, as already emphasized at the beginning, a total regulation of the production and the market by the state or its organs is to be spoken!

It should not be propagated a total narrow-meshed market regulation of the commercial economy for example after the model of the guild order. Especially in the new Europe, entrepreneurship will have to develop dynamic forces for many tasks – just think of Ostpolitik! – Especially in the new Europe, entrepreneurship will have to develop dynamic forces for many tasks – just think of the Eastern policy – which must not be inhibited by inappropriate market regulation measures.¹⁾ The purpose of this total approach is rather to bring order to the entire market structure. In principle, it will be up to the entrepreneurs themselves to determine the degree of regulation of their market while preserving economic efficiency and the common good. They will be best able to overlook whether one or the other regulatory system has to be implemented in practice in their branch of industry. They will also be able to determine the extent (from the oral cartel to the syndicate) and the duration of any commitment. For the state, there must only be the certainty that for every important expression of life in the economy there is a regulatory function and, beyond that, a regulatory system which can come into action if an agreement between the entrepreneurs cannot be reached, if the entrepreneurs are not able to cope with the market regulatory functions on their own or if the common good is endangered. It is the high art of

the state and its organs to achieve the optimum of market effect by means of the least possible steering functions and to intervene in the economic process in a regulating way only if it is absolutely necessary in the overall interest or in the interest of the cartel members. In principle, therefore, the total market order should primarily have a potential character, i.e. the always latently existing instruments of order of the state should – without having to take action in each individual case – already have the effect that the market is in an orderly state. In this way, the question of the relationship between freedom and obligation, the core problem of the future economic constitution, is also addressed. It is not the case that certain zones of commitment and freedom will be determined from the outset as a state postulate, but rather that in the future the following sentence will apply: through commitment to freedom! The more meaningful the ideal and material foundations of the market are, the greater the degree of freedom of movement that can be granted to entrepreneurs in the practical operation of the market. Thus, the "bound market freedom" is to be regarded as the most ideal market order. 3) The organization of the total market order. Having dealt with the system and nature of market organization, we come to the organs of practical market organization. Following the previous lines of thought, we can distinguish three zones of ordering economic life: 1. state: a) general economic policy directives, b) economic regulation. 2. economic groups: a) technical economic policy guidelines, support and advice, b) market regulation supervision. 3. cartels: a) free zones, b) regulated zones. (a) General economic policy shall cover both the influencing of economic attitudes and the establishment of general practical guidelines for the conduct of the economy. The more sensible and expedient general instructions the state gives to the economy, the less it will need to intervene directly in economic regulation. b) In many cases, however, the state will not be able to avoid intervening directly in the economic process. This is especially necessary in the case of problems that cannot be solved by the economy itself or by its professional umbrella organizations alone. For example, the production of new materials and the definition of the basis for trade with foreign countries. The regulatory activities of the state also include the coordination of the interests of the individual economic groups. Finally, it should be pointed out that in many cases the state must act as an administrator because it directly takes a very large share of the social product (e.g., military economy, social policy). Re 2. economic groups. The tasks of the present self-governing bodies of the industrial sector should be expanded to include market regulation functions for their respective economic sectors. As is well known, the authority to regulate the market has so far been fundamentally prohibited to the economic groups under the current law. This problem must be dealt with in more detail. In the Economic Efficiency Decree of the Reich Minister of Economics of November 1936, it was stipulated that the groups were to be clearly above the cartels, but that they were only allowed to exert direct influence on cartel policy to the extent that this involved advice, consultation and recommendations. This decision was made in order to avoid the cartelization of the economy,

which was seen as an inevitable consequence of market regulation by the groups. Moreover, another difficulty would have been that the heads of the groups or their sub-organizations are at the same time entrepreneurs and that they could therefore be entrusted with tasks of a general economic nature, but that they would hardly be capable of an objective decision in pronounced market regulation questions in which they have a highly personal interest. In this discussion, we must refer to our earlier remarks in which we said that the problem of market regulation by the groups would hardly have become acute because the market-regulating decisions had been transferred to other, namely official, organizations through an ever-increasing expansion of the subject-area principle of organization. In pursuit of our demand for concentration of market regulation activity according to the professional principle, however, the problem of group/cartel would again become highly topical. The question would arise whether market supervision should be carried out by newly established market regulation authorities,

which would have to work alongside the economic groups, or whether the economic groups should be entrusted with this task after appropriate reorganization. In our opinion, it is inevitable to take the latter path. We saw that in the future market constitution there will no longer be rigid boundaries between regulation and the merely general regulatory activity of drawing up market-regulation guidelines, recommendations, etc. The boundaries between the two directions, both regulatory and general, will be blurred. The boundaries between the two directions, both on the side of the tightest regulation and on the side of the loosest order, are constantly in flux. A market, which today can still be guided by recommendations, must tomorrow be tightly regulated (by which not only quantity regulations, but also interventions in the innermost operational structure are to be understood) and vice versa. Depending on the equilibrium situation of the markets, there will be price pressure or price impetus, right to supply (quota claim) or obligation to supply (quota fulfillment), and so on. Market regulation policy must constantly adapt to these "alternating situations" of the markets by changing its methods. It would lead to factual and organizational inadequacies if the supervision of an industry branch in the market regulation area were constantly passed back and forth between two different specialized organizations. In addition, it is difficult to clearly define in practice the area of "emp- lacking" activity as granted to the economic groups alone under the present legal situation. Depending on the personal and factual authority of the groups, the recommendation would contain all possibilities from "good advice" to hidden coercion. One thinks involuntarily of the famous word of Talleyrand, according to which non-intervention means about the same as intervention! It could be argued that the economic groups should limit themselves to the general organization of the market, e.g. the establishment of general principles of market organization, accounting and calculation guidelines, simplification of delivery and payment conditions, etc., and refrain from the individual supervision of products or branches of industry. The serious objection to this, however, is that useful principles can only be developed from one's own practical work. For example, the establishment of costing guidelines can only be carried out by the body which has to examine costings on a practically continuous basis (e.g. in connection with price audits). However, this can only be the body that exercises practical market supervision. Not only does this body obtain greater expertise in its activities, but it also has, in connection with its supervisory power, a much more far-reaching weight of authority, which is not to be underestimated in the elaboration of market regulation principles and the related collection of information. Now the problem of self-governance and the related idea of too much influence on market regulation policy by unjustified self-interest of the industry would have to be discussed.

by unjustified self-interest on the part of the industry. One preliminary question needs to be clarified here: What is economic self-governance anyway? The term economic self-governance can have two meanings. On the one hand, it can be understood as a sovereign administration which has complete freedom of action in its field and whose activities can only be influenced by the state or its agents if they violate "legality". This would be the individualistic concept of self-government. This cannot have any right to exist in the National Socialist economic order. The new economic order starts from the basic requirement that just as the individual, so also the professional classes or groups are obliged to the community. In the natural organism of this community, each individual member has to fulfill certain functions. The more the member fulfills these functions by itself in the sense of the community's objectives, the greater its independence can be, the more the state can dispense with instructions or even individual regulations; or, in other words, the more room "economic self-administration" gains in comparison to "state task administration". If we look at the problem of modern economic governance in this way, we must ultimately conclude that there are deep functional connections between the matters of order and the matters of self-government in the economy. In a harmonic economic organism,

therefore, the self-administrative functions and the official functions for the respective field would have to be united in one hand. The greater the sense of responsibility and ability of a member or a community of members of the economy, the greater can be the scope of their self-administration; the fewer abilities can be attributed to the self-administration bodies or the greater are certain firmly defined state requirements for the economy (e.g. in war), the more the economic administration becomes a matter for the state. Hereby we make the same observation for the administration of the economy as we made above for the order of a market. Depending on the need for order on the one hand and the possibility of self-control on the other, we find a constant alternation between order administration and self-administration, where again complete (but potentially bound) self-administration would be the desirable goal. This abolition of the rigid lines of connection between state sphere and private sphere we find not only in the sector of economy described here, but in all areas of our life in general. In law, there is no longer a sharp distinction between public and private law; property is obligated to the totality, as is labor, etc., whereby again and again the ideal case is that of each person being enabled, as far as possible, to have full disposal of his property or his labor. But the more difficult the conditions are under which the community lives, the more the rights of the individual have to be restricted. Just as the individual should be granted the greatest possible freedom in the opposite case.¹⁾ If we consider the practical work of the economic groups, we have to realize that they already had the double position of the commissioning and the self-governing bodies. If the commissioned matters still predominate, we will not discuss here whether this is due more to the circumstances of the time than to the fact that the economic groups have not yet sufficiently developed their own initiative. To return to the starting point of our considerations, we have to ask ourselves whether the economic groups, which have already largely dealt with order matters, could not also be entrusted with order matters of a market-regulating nature. Yes, we have to ask ourselves whether, in the future, market organization is not the most important matter of self-government. Anyone who wishes to simplify the organization of the economy and to activate free initiative will have to answer in the affirmative. An objection to the effect that the influence of industry, guided by unjustified self-interest, on the economic self-governing bodies of present legal construction should be greater than on, say, newly established central market-regulating authorities, can hardly be justified. A negative or self-interested influence of the industry can only assert itself to the extent that the people in charge of market supervision show character deficiencies. However, such deficiencies can occur both in an authority and in a self-governing body. It is assumed, however, that both types of organizations are provided by the state with the same guidelines for their activities, i.e. that the self-governing organization does not have greater freedom of decision than an authority, and thus the scope for influencing the people working in the self-governing body would inevitably be greater. Although we are of the opinion that the organization of the trade and industry should carry out its market regulation tasks in self-administration, we are aware of the fact that the management of an economic group could never become a purely self-administrative body. We have to assume that today's economic groups – from a purely formal point of view – only have the character of self-governing bodies in that they have a head and advisory board members who come directly from the practical economy. Even if it can be assumed that the leader and the advisory board are capable of infusing the broad line of the group's work with entrepreneurial blood, the management will still have to be regarded more or less as a public authority institute in its daily detail work. One can speak of a true "self-administration" only if one manages one's own business or at least such business in which one is directly or indirectly "interested". In this sense, however, the individual clerk of the economic group who fulfills market regulation functions is ultimately closer to an independent civil servant than to an entrepreneur or the employee commissioned by him. We must therefore be clear that true self-administration in the field of market regulation can only be realized in

the entrepreneurial communities themselves, i.e. in the cartels. It will be up to the twenty, fifty or one hundred administrators of the economic groups not to wait for the suggestions of a single man who is very busy in his own business and not always omniscient, namely the head of the economic group, but to think "entrepreneurially" themselves in all their actions, To empathize in this way with the entrepreneurial psyche¹) and, above all, to form the lines of communication with the enterprises they supervise so closely that they are the appointed mediators between the will of the state on the one hand and the self-governing entrepreneurs on the other, or that they stand, as was once expressed, at the "intersection of state and economy "2). We summarize the tasks of the future economic groups in the following areas: 1. passing on the general economic policy guidelines set by the state in the form of the competent ministries, and furthermore educating the members in the spirit of the new economic conception and order. 2. to keep the State informed of technical problems, and to support and advise the State in all economic policy measures. To pass on suggestions in all areas to the state economic management. 3. to deal with general market regulation work as defined in the Economic Efficiency Decree issued by the Ministry of Economics in November 1936 (e.g., accounting and calculation guidelines) and other general issues relating to market regulation (e.g., the establishment of generally binding conditions in such a way as to make special condition cartels superfluous). 4. market regulation. All market-regulating measures in the specialized field of the economic group must be concentrated in one responsible hand. Only concentrated market supervision can guarantee the optimum in market regulation. But it is also the only way to guarantee the highest degree of decentralization, i.e. the transfer of market regulation tasks to the business community itself. It is a question of practice to what extent the relevant authorities, e.g. price commissioners, imperial offices, etc., are involved in deciding on market-regulating measures. It will also emerge from practice to what extent these organizations can be restricted with the technical summary of market regulation. Perhaps they can even be eliminated by transferring them to the governmental market-regulating body (see 1b; page 99, cf. also page 84/85). The market-regulation instrument of the economic group must be built up naturally, taking into account all the experience gained by the previous sectoral bodies. Re 3: Cartels. The cartel is the final organizational instance and the foundation of the market organization. It is the private sphere of entrepreneurship, but at the same time the organ of the "committed private sector". The administrative head of the cartel is the link to the economic group or its subdivisions. For technical or spatial reasons, several cartels selling the same or similar products, but without the conditions for a completely closed homogeneous cartel, may have to be combined in an "umbrella cartel", which in turn is subordinate to the responsible economic group. The number of cartels formed within the framework of an economic group or specialized group or specialized subgroup depends on the one hand on the technical conditions and on the other hand on the market regulation work caused by the cartels concerned. The latter does not always depend on the volume and value of the cartel. Often, it is precisely those branches of production of minor importance which entail greater market regulation work than large uniform production volumes. It must be a mandatory obligation for the market regulation supervisory body to free itself from any small-scale administrative work that is not absolutely necessary. Extensification of market supervision and intensification of cartel work is the watchword. All too easily, the administration follows the "law of expansion. It must therefore constantly examine the necessity and expediency of its existence and functions. The cartel, as a private-sector institution and a cost and risk factor in industrial calculation, offers a far greater chance of rationalizing administrative work than an official or semi-official body. The latter pay for mistakes with a loss of profit, the latter cover themselves by corrective administrative acts. Therefore, the cartel bureaucracy must not be overthought by an administrative bureaucracy. The functions of the cartel and the cooperation between the cartel and the superior market regulation authority will not be discussed in detail here. We will deal with these issues in the section on

"The Greater Economic Order". It might be feared that such a market organization would inevitably lead to a cartelization of industrial branches not yet tied to the market, since there are only about 2200 industrial cartels in Germany, whereas the industry deals with hundreds of thousands of products. It must be said that it is foolish to try to gauge the importance of cartelization by the number of cartels. Unfortunately, this mistake is also made by experts. One reads again and again about the cartel problem in historical studies:

In 1887 there were 70 cartels, in 1890 117, in 1905 385, in 1922 1000, in 1925 1500 to 2000, and so on. Certainly, this series of figures indicates the strong increase of cartelization. However, it says nothing about the respective weight of cartelization within the economy as a whole. The importance of cartelization is not determined by the number of cartels, but by their volume (number of products covered, sales volume, type of links, especially cross-links). In this approach, however, it must be noted that on the one hand there are cartels covering only a single product, on the other hand cartels with several hundreds of products (all of which, of course, have a certain market connection), and that there are cartels with a volume of a few tens of thousands of Reichsmarks, while others have a turnover of many millions. If one takes the cartel volume as a basis, it is likely that at least 70% of German industrial production today is subject to some kind of market ties, and that in particular almost all basic materials and almost all important semi-finished and finished products are cartelized.¹⁾ The "cartel-free" industrial sphere has so far been able to remain at the level of 30 to 40% because most of these products are not "cartel-capable". The lack of cartel capability is due to the low comparability of these products. However, comparability is the prerequisite for the functioning of market regulations and the original reason for regulating competition in the first place. But it is precisely this comparability which will be brought about by the future cartelization tasks (rationalization, typification, standardization), so that cartelization in the previous market-political sense will be, so to speak, an inevitable consequence of the production order. In this view, the close connection between production order and market order becomes apparent, i.e. if a reasonable production order is established in the economy, market order tasks will inevitably arise as well. The close connection between rationalization and the market is also evident from the fact that the German price commissioner is most strongly committed to standardization, typification and standardization. This effort is causally based on the intention to create the conditions for a price reduction.¹⁾ However, there is a close causal connection between this and the promotion of the production of comparable goods in order to facilitate price control and price comparison, in short, in order to improve the effectiveness of the large coercive price cartel "Price Commissar".²⁾ In the course of future industry cooperation in the field of production technology, the remaining non-binding products are not likely to be significant in terms of market policy. For example, some high-value products - e.g. in the field of precision mechanics and optics - will continue to have such an individual character that production cooperation or even competition regulation will not be necessary. Furthermore, there will be a number of branches of production which are of such minor importance, both in terms of economic demand and in terms of volume, that they are of no importance in terms of market policy. For the major part of the production sphere, however, especially the basic industries, cooperation according to the principles of total cartelization will be unavoidable. The cartel sector will thus determine the face of the industrial market order.¹⁾

4. Man and the new market order.

These considerations cannot be concluded without a brief appraisal of man in his relations to the new order of economic life. In accordance with the system of market organization (state, economic groups, cartels), we can also distinguish three types of economic man, namely the civil servant, the economist and the entrepreneur. The civil servant and the entrepreneur are traditional phenomena of economic life, even if their nature and functions have changed considerably. With the increasing organization of economic life, a new type of economist has emerged who, characteristically, has not yet been

conceptualized, which is related to the novelty of his activity in the economy. From the "syndic" or "scientific assistant" of the liberalist associations to the completely inadequate term "consultant" in today's economic organization, a new clear term must be found for this economic type. The term "Volkswirt" seems to us to be quite useful. We are thinking not so much of the academic profession of the "Diplom- Volkswirt" as of the economist whose activity corresponds to the literal meaning of the term "Volkswirt". We shall refrain from defining the functions of the entrepreneur, the economist and the civil servant in the future economic order. In any case, it would be very difficult to define them, because just as the boundaries between the private and the public economy have become blurred, just as the sphere of the state has become entrepreneurial, and just as the entrepreneurial function has common economic features, it is naturally impossible to draw a sharp line in characterizing these three types of economy. Nonetheless, each of the three categories of economists can be characterized by certain prevalent features, just as their functions are assigned to a certain area of responsibility within the national economy. a) The entrepreneur. The nature and tasks of the entrepreneur are different today than in the past. Every era shapes its people and their tasks. The Hanseatic merchant is of a different type than the one of the time of overseas discoveries or mercantilism or the one of the Gründerzeit. The task of today's businessman is to anchor economically the political-social will of a racially bound national community. Just as the political goals are determined by the state as the representative of the national community, the "directional initiative" in the economy also emanates from the state. For the pioneering activity of old, the space in entrepreneurship is narrowed. But this does not mean that the entrepreneur becomes a mere "administrator. The "freedom downward" still gives an infinitely large framework of creative activity (e.g. production of new materials, rationalization, social policy). But also the "freedom upwards" is only conditionally taken away from the entrepreneur. With the rich experience in his field, the directional initiative of the state and its organs can and must be largely influenced by the entrepreneur himself. In fact, a sensible economic management will never tackle major tasks without hearing the pros and cons of the entrepreneur. The ideal case would even be that the economic management would only have to carry out the "public economic corrections" of a committed entrepreneurial initiative. In a fair assessment of his position in the future economic constitution, the entrepreneur must come to the conclusion that he is hardly more restricted in his activity than was the case in the "free economy" of the late capitalist epoch. As has already been pointed out in the presentation of the history of cartels, the entrepreneur has imposed the greatest fetters on himself over time. The absolute dominion of the entrepreneur with respect to the organization of his sales territory, his prices, and often also his production, was already constantly declining at the time of the "private economy". He even had to put up with the auditing of his books and his business by cartel auditors. With increasing syndication, he was often deprived of direct contact with customers. If the entrepreneur is even an "official" of a corporation, he will certainly have hardly less to complain about the corporate bureaucracy than about the state bureaucracy. In the future, therefore, the entrepreneur should be fair enough to evaluate bureaucratic measures positively or negatively according to their objective necessity, and not regard them from the outset as an evil worthy of abhorrence simply because they originate from the state or its organs. b) The economist. The economist is neither an entrepreneur nor a civil servant. His type contains characteristics from both statuses. On the one hand, he possesses the personal integrity and objectivity of the civil servant; on the other hand, he has the creative initiative and drive of the entrepreneur. He must not be shy of responsibility; choosing the path of least resistance on principle should remain the most outstanding characteristic of the former union counsel. The economist must set the following thesis as his highest guideline: Act in such a way and represent your measures in such a way that the economist under your care becomes deeply convinced of the economic necessity of your actions! The economist must enjoy

authority not "by virtue of his office" but by virtue of his economic reason! This presupposes that he must unite in himself in the highest degree of skill and idealism. He must be able to distinguish the essential from the unessential and limit his actions to what is recognized as essential. Any dilettantism and any lack of mastery of the formal and material foundations of the economic process can lead to serious damage, especially in his activity as a market regulation supervisor. "The National Socialist state recognizes with all clarity that with market regulation it is taking in hand the most dangerous lever of economic policy. Woe betide if this lever is operated by people who know neither the branch of industry whose market is to be regulated nor the great interrelationships of economic life! These people can do the greatest harm and cause serious disturbances in the economic process. "1) The economist must not be a rigid dogmatist, but must show the utmost flexibility in his supervisory activity. While in the morning he must establish a tight organization, in the afternoon he must lay the foundations for the loosening of a market organization. While in the morning he draws the attention of the meeting participants to their duties in a strict official tone of communication, in the afternoon he must prove himself to be a nimble negotiator in another meeting. An economist will not be successful without mastering the art of handling and managing people. According to his training, the economist must have technical, economic, business and legal knowledge, whereby, depending on the nature of his work, one or the other branch of knowledge must be more strongly developed. Under no circumstances can the economist be content with the traditional legal training of the legal advisor. In view of the fact that the economic-constructive thinking is in the foreground for the entire market order, the business economist will be of great importance. The management and organization of the economy requires such specific abilities and skills that one should even establish a special "teaching of economic management" within the framework of economics. Since the economist is to a high degree a "political man", a thorough political training will be indispensable for him. Also, a longer practice in the industry (e.g. as an assistant manager) will have to be foreseen in his education. In order to provide the profession of economist with the most valuable forces, the material conditions for this profession must undergo a fundamental change. People from whom the development of "directional initiative" is demanded cannot in the long run be placed in a significantly worse position than those from whom the implementation initiative is reserved. This will be a core problem in the creation and maintenance of a superior class of economists and will apply even more to the profession of "large-scale economist." c) The Civil Servant. The figure of the civil servant in the National Socialist state has been sufficiently characterized. Therefore, only his most salient characteristics will be briefly outlined. Haßmann describes them aptly: "The state is represented by the civil servant, whose task of judging every question from the standpoint of the good of the whole obliges him to be objective. The distanced position which he must maintain with respect to each individual case that arises gives him a physiognomy peculiar only to him; a physiognomy characterized by disciplined personal distance and at the same time the highest level of objective interest. Therefore, his appearance is only conceivable on the basis of a moral professional ethos that resists all temptations. The consciousness of serving the state directly by his decision must fill him with full strength and elevate him above material considerations. "1) 117